

VZCZCXRO2628
PP RUEHCI
DE RUEHKT #0093/01 0320353
ZNY CCCCC ZZH
P 010353Z FEB 10
FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC PRIORITY 1375
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 7298
RUEHLM/AMEMBASSY COLOMBO PRIORITY 7676
RUEHCP/AMEMBASSY COPENHAGEN PRIORITY 0393
RUEHKA/AMEMBASSY DHAKA PRIORITY 3027
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5715
RUEHLO/AMEMBASSY LONDON PRIORITY 6776
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0155
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RUCNDT/USMISSION USUN NEW YORK PRIORITY 3822
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RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000093

SIPDIS

E.O. 12958: DECL: 01/28/2020

TAGS: [PGOV](#) [PREL](#) [KDEM](#) [NP](#)

SUBJECT: NEPAL: PRACHANDA CITES PROGRESS, CHALLENGES AHEAD

Classified By: Charge d'Affaires, a.i., John M. Ordway 1.4 (b/d).

¶1. (C) Summary. In a meeting with P-5 representatives, Maoist leader Prachanda claimed credit for recent movement on the peace process, but said that hardliners in other parties are trying to stop progress. Prachanda continues to press for the formation of a national unity government, led by the Maoists or another "neutral" leader. While the Maoists agree in principle with PM Nepal's "action plan" on the integration and rehabilitation of Maoist combatants, key issues such as the numbers and modalities of Army integration remain unresolved. Prachanda said integration/rehabilitation and constitution drafting must move "simultaneously," given the low level of trust between the parties. End Summary.

Maoists Pushing Peace Process

¶2. (C) United Communist Party of Nepal-Maoist Chairman Pushpa Kamal Dahal "Prachanda" met with representatives of the P-5 plus Japan on January 28. Outgoing U.S. Charge Ordway and incoming Charge Camp attended the meeting. UN Representative Karin Landgren briefed the group on the recent UNSC debate on UNMIN's mandate extension. Prachanda said that Maoist "unilateral" action has led to recent progress on the peace process, citing the discharge of disqualified combatants, postponement of the indefinite general strike, formation of the High-Level Political Mechanism (HLPM), and agreement "in principle" on the action plan on integration and rehabilitation of verified Maoist combatants. "Some leaders" in other political parties are against the peace process, Prachanda charged, because they worry that the promulgation of the new constitution will benefit the Maoists, not them.

Maoists Still Want National Unity Government

¶3. (C) According to Prachanda, the High-Level Political Mechanism seeks to create a "conducive environment" to conclude the peace process. The HLPM's third meeting on January 29 will discuss the "root cause" of the political stagnation (from the Maoist perspective): the President's reversal, in May 2009, of the dismissal of the then-Chief of the Army Staff by then-Maoist PM Prachanda, undermining "civilian supremacy." Addressing the President's "unconstitutional" step is quite necessary, and will lead to

the formation of a government of national unity, Prachanda said. Without a such a unity government, it will be "difficult" to conclude the peace process within the specified time.

¶4. (C) Camp asked whether the Maoists will insist on leading a national unity government. Prachanda said that the Maoists, as the largest party in the Constituent Assembly, have the right to form a national unity government, but may be able to accept a neutral leader from another party. The Maoists cannot accept M.K. Nepal's continued leadership. (Note: Kathmandu is rife with rumors that Prachanda has cut a deal with G.P. Koirala, in which the ailing Koirala would become PM. End Note.) On timing, Prachanda said the national unity government "should" be formed before May (note: slightly leaving the door open to a unity government after promulgation of the constitution, but before elections, an idea floated recently by senior Maoist leader Baburam Bhattarai).

Integration/Rehabilitation and Constitution Together

¶5. (C) Prachanda said that the integration and rehabilitation of the 19,602 "verified" Maoist combatants must move simultaneously with the finalization of the constitution -- a position contrary to the Government's (which says that integration/rehabilitation must come before the constitution), although he did admit that one could come a few days before the other. The Maoists are "seriously suspicious" of the Government's proposed sequencing, given

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the recent comments by the Indian Chief of Army Staff (no Maoists should be integrated into the Nepal Army), the GON Defense Minister (the Nepal Army can veto any integration plan), and PM Nepal (the Maoists could end up like the LTTE).

If the Maoists eliminate their army first, they worry that the GON could dissolve the Constituent Assembly and impose presidential rule and/or "seriously repress" the Maoists.

¶6. (C) Despite the Maoist agreement "in principle" with the GON's plan, finishing the process by May will be difficult, Prachanda said. He outlined his negotiating position: 5,000 - 10,000 Maoists should be integrated into the Nepal Army, 4,000 rehabilitated into society, and the remainder integrated into the Nepal Police, Armed Police, and new security organs. (Note: informally, most experts believe that a reasonable plan would integrate approximately 5,000 Maoists into all security institutions, including the police and Army. End Note.)

UNMIN Safety Blanket for Maoists

¶7. (C) On UNMIN, Prachanda said the Maoists would have preferred a full six month mandate extension (i.e., to June 28). Once UNMIN leaves, Prachanda worries that the "atmosphere" will change, leading to the "isolation" of the Maoists. Asked by Prachanda if UNMIN might stay past May if the parties extend the constitution deadline, Landgren and the French ambassador did not reply directly, but said that the UNSC would need to know by March whether the GON planned to request an extension. Ordway underscored the importance of sticking to the May 28 deadline in the Comprehensive Peace Agreement. In the absence of concrete progress with a clear end to the process in sight, it will be difficult for the international community to support any mandate extension.

Constitution Drafting Unlikely to be Complete by May 28

¶8. (C) Prachanda said the Maoists remain committed to finishing the constitution by May 28, but acknowledged the difficulty of meeting the deadline. The Maoists want to avoid a "constitutional vacuum" on May 29. If the deadline cannot be met, Prachanda sees two options: (1) approving a "shortcut" constitution which would leave the details to the future parliament, or (2) extending the timeframe for six

months to allow for completion of the draft. Even though no one is saying so publicly, Prachanda says that leaders of the major parties, including G.P. Koirala, favor a six-month extension.

India, Strikes, and Violence

¶9. (C) Prachanda said that the Government of India's policy toward the Maoists remains "unclear." For example, Prachanda wondered why the Indians have not publicly supported the HLP. Responding to the questions of the Japanese Ambassador, Prachanda said that he personally opposes general strikes ("bandhs"), but that Nepal has developed a culture whereby "no one listens to you" unless you strike. The Maoists oppose violence, Prachanda added, claiming that the youth wings of other parties have killed 70 Maoists since the CPA signing in 2006, whereas the Maoists have "only" killed 10-12 people.

Comment

¶10. (C) The Maoist movement on the peace process in recent weeks is encouraging -- and Prachanda is right to claim credit -- but these positive steps have not translated into greater trust between the parties. Reaching consensus on key issues, such as the integration and rehabilitation of the former Maoist combatants, will be difficult, particularly as hardliners (Maoists and non-Maoists) dig in their heels. Prachanda's continuing obsession with the President's May 2009 "unconstitutional move" and demand for a government of

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national unity is also troubling. Forcing out the current government -- which will not go willingly -- would likely delay or even stop progress in the peace process.
CAMP